

The \$500 Health Care FSA Carryover Making Your FSA Go Further



The Internal Revenue Service (IRS) permits employers to offer a “carryover” of up to \$500 in Health Care FSA Plans, allowing unspent FSA money to roll into future plan years. If your employer has chosen to add this feature to your Health Care FSA, here is what you need to know.

- You may be required to participate in the FSA plan the following plan year in order to carry over balances or your carryover will expire after a certain period of time. Check your Summary Plan Description and other plan materials to determine any limitations in your plan.
- The carryover does not count toward your annual maximum Health Care FSA limit in the year into which it is carried over. You can elect the maximum amount and have a carryover in the same plan year.
- Any unspent amount over the \$500 carryover (or a different amount less than \$500 if specified by your employer) is still subject to the “use it or lose it” rule and will be forfeited. Plan your expenses carefully.
- You will not have to take any action to carry over unused amounts at the end of each plan year. TRI-AD will automatically carry over the unused amounts, up to the plan limit. You can access your account information on TRI-AD’s website at www.tri-ad.com/fsa.
- During your plan’s run-out period (time allowed in a new plan year to submit claims for prior year’s expenses), you are reimbursed first from any available funds from the prior plan year that are in excess of the \$500 maximum carryover amount.
- After the plan’s run-out period, expenses for the current year will come first from the current year’s election, then from the carryover balance.
- If you terminate employment, unused FSA amounts, including any carryover amount, are forfeited unless you elect to continue FSA participation through COBRA.
- If your spouse participates in a Health Care FSA through his or her employer and both plans offer the carryover, both spouses can carry over up to \$500.
- The carryover applies to Health Care FSAs only; you cannot carry over Dependent Care FSA money.

Example:

If you have \$800 remaining at the end of the plan year, \$500 will carry over into the next plan year, which can be used to pay for prior year expenses during the run-out period or expenses in the new plan year. The remaining \$300 will not carryover but can be claimed during the run-out period for prior plan year expenses.

Important Note: Employers have several options when offering Flexible Spending Accounts. Different features are available in each plan. Plan features can change each year. Always check your Summary Plan Description, enrollment materials or official plan documents to see what is available in your plan.

Have a High Deductible Health Plan and a Health Savings Account? See Page 2.

Contact Information

By phone: 1-888-844-1372 (Monday – Friday 5:00 a.m. to 6:00 p.m. Pacific Time)

By email: flexmail@tri-ad.com

On the Web 24/7 at www.tri-ad.com/fsa



Health Savings Accounts and the Carryover Provision

If you have a high deductible health plan (HDHP) and a Health Savings Account (HSA), your employer may offer a Limited FSA (LFSA) that generally only covers dental and vision expenses. If you are in this situation and enroll in a non-high deductible health plan (e.g., an HMO or PPO plan) for the next year, and you enroll in the Health Care FSA in the following plan year, and you have money remaining in your LFSA at the end of the current year, any unspent money up to \$500 (or a lower amount specified by your employer) will carry over into the Health Care FSA. You do not have to make an election in the Health Care FSA; the carryover will happen automatically. Conversely, if you currently have a non-high deductible health plan (e.g., an HMO or PPO plan) and a Health Care FSA, and in the new plan year you enroll in an HDHP/HSA with a LFSA, any unspent money up to \$500 (or a lower amount specified by your employer) remaining in your Health Care FSA at the end of the plan year will carry over into your LFSA in the new plan year.

Examples

Example 1:

You participated in the Health Care FSA this year, have a balance of \$500 at the end of the plan year, and your employer allows a \$500 carryover.* If you elect the HDHP/HSA with LFSA for the next plan year, you can carry over \$500 to use in the following ways in the new plan year:

1. Submit claims for any eligible Health Care FSA expenses (e.g., medical, dental or vision) you incurred in prior plan year. The claims must be submitted during your plan's run-out period. Run-out period claims must be submitted online – do not use the debit card.
2. Submit claims for eligible LFSA expenses (e.g., dental or vision). You can submit claims for these expenses at any time during the plan year. This represents the carryover amount changing from allowing Health Care FSA eligible expenses to Limited FSA eligible expenses.

Example 2:

You participated in the HDHP/HSA with LFSA this year, have a balance of \$500 at the end of the plan year, and your employer allows a \$500 carryover.* If you elect a non-HDHP type of health plan (e.g., HMO) for the next plan year, you can carry over \$500 to use in the following ways once the new plan year begins:

1. Submit claims for any eligible LFSA expenses (e.g., dental or vision) you incurred in the prior plan year. These claims must be submitted during your plan's run-out period.
2. Submit claims for any eligible Health Care FSA (e.g., medical, dental, or vision) expenses incurred in the new plan year.

In both examples above, since IRS rules state that the maximum amount your employer can allow for a carryover is \$500, the "use it or lose it" rule applies to any amount above \$500. If you do not submit claims for eligible expenses incurred during the prior plan year during your plan's run-out period in the new plan year, you will forfeit the amount above the \$500 carryover.

**Employers can allow a carryover of an amount less than \$500. See your Summary Plan Description, enrollment materials or official plan documents.*